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EX PARTE OR LATE FILED

Michael B. Adams, Jr.  
(Virginia Bar Only)

September 9, 1996

BY MESSENGER

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

RECEIVED  
SEP 9 - 1996  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: CC Dkt. No 96-45; Meeting of the  
Federal-State Joint Board on Universal Service

Dear Mr. Caton:

As directed by FCC Chairman Reed Hundt's letter dated September 4, 1996, enclosed please find an outline of the testimony that Dave Ecret, Special Assistant for Telecommunications and Utilities to the Governor of the Commonwealth of the Northern Mariana Islands, will give at the September 13, 1996 meeting of the Federal-State Joint Board on Universal Service, together with a copy of Mr. Ecret's biography. In addition, we are submitting for inclusion in the record copies of a report titled "A Demographic and Geographic Profile of the Commonwealth of the Northern Mariana Islands" by William H. Stewart and a September 6, 1996 memorandum from Michael Condon to Dave Ecret titled "The Joeten-Kiyu Public Library Information Technology Center: Internet Connection Overview."

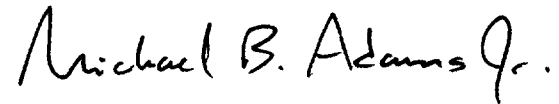
This ex parte notice is being filed in the Office of the Secretary on September 9, 1996 and should be included in the public record.

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Mr. William F. Caton  
September 9, 1996  
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Please direct any questions to the undersigned.

Respectfully submitted,

A handwritten signature in black ink that reads "Michael B. Adams Jr." with a stylized, cursive script.

Michael B. Adams, Jr.,  
Counsel for the Commonwealth  
of the Northern Mariana Islands

Enclosures

cc: Astrid Carlson (by telecopy)  
Dave Ecret

**BEFORE THE FEDERAL-STATE  
JOINT BOARD ON UNIVERSAL SERVICE**

**OUTLINE OF TESTIMONY BY DAVE ECRET, SPECIAL  
ASSISTANT FOR TELECOMMUNICATIONS AND  
UTILITIES TO THE GOVERNOR OF THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS**

(September 13, 1996)

**I. INTRODUCTION/BACKGROUND**

- **Relationship with U.S.**--Like Puerto Rico, the CNMI is a U.S. commonwealth.
  - \* The CNMI is a self-governing commonwealth in political union with and under the sovereignty of the United States.
  - \* The CNMI officially became a U.S. commonwealth in 1986, when a presidential decree terminated the Trust Territory of the Pacific Islands as it concerned the CNMI.
  - \* Citizens of the CNMI are U.S. citizens. Subject to certain exceptions, U.S. federal law applies to the CNMI.
- **Geography and Location**--The CNMI consists of 14 islands located in the North Pacific Ocean, approximately 3,300 miles west of Honolulu, 1,200 miles southwest of Tokyo and 50 miles north of the Territory of Guam.
  - \* The CNMI is one of the westernmost points in the U.S. and offers an important strategic presence in the Pacific Rim.
- **Population**--The CNMI's population in 1995 was approximately 58,846 persons. U.S. Department of the Interior, A Report on the State of the Islands, at 30 (1996). During that same year, 654,400 tourists entered the CNMI. Id. at 32.
- **Income Level**--The average per capita income in the CNMI was only \$6,984 in 1995, which ranked it 53rd among the 54 U.S. states and territories. William H. Stewart, "A Demographic and Geographic Profile of the Commonwealth of the Northern Mariana Islands," at 1 (1996).

- \* 32.1 percent of all families within the CNMI lived under the U.S. poverty level in 1995. Id.
- \* The unemployment rate was 7.1 percent in 1995. Id.
- Subscribership Level--According to preliminary figures from the 1995 census, only 7,442 out of 12,066 households -- or 61.2% -- had access to telephones. "A Demographic and Geographic Profile of the Commonwealth of the Northern Mariana Islands" (William H. Stewart, CNMI Department of Commerce).
- Importance of Telecommunications--Since travel to and from the Commonwealth is both time-consuming and expensive, and since mail and package delivery services are slowed by the distance they must travel, the CNMI consequently relies on telecommunications services as its single means of immediate, reliable contact with the mainland U.S. and other world points. This uniquely underscores the importance of affordable telecommunications to the CNMI.

## II. SUMMARY OF THE CNMI POSITION IN CC DOCKET NO. 96-45

- "Affordable" Telecommunications Services Are Not Currently Available Within the Commonwealth.
  - \* Telecommunications costs in the CNMI are among the highest in the country. For example, carrier access charges in the Commonwealth are 7.66 times higher than even those charged in Alaska, and appear to be the highest in the nation.
  - \* As stated above, the CNMI also has the second lowest per capita income of any U.S. state or territory (\$6,984 in 1995).
  - \* As stated above, the CNMI's subscribership rate of only 61.2% clearly demonstrates that affordable telecommunications services are not available in the Commonwealth.
- The CNMI believes that both the special services which it specified in its Comments and the "core" telecommunications services identified in the Commission's Notice of Proposed Rulemaking should receive universal service support. The special services that the CNMI has identified include the following:

- \* Toll-free access to 800 services. CNMI callers must currently pay the international portion of connections to U.S. numbers that are ostensibly "toll-free."
- \* Access to on-line information services, including Internet services.
- "Affordability" must be determined from the viewpoint of consumers, taking into effect both per capita income levels and existing telecommunications cost levels.
- Both residential and business services should receive universal service support.
- The universal service subsidy should be calculated in a nondiscriminatory manner.

### III. SCHOOLS, LIBRARIES AND HEALTH CARE PROVIDERS

#### BACKGROUND:

- Schools--There are 25 schools in the CNMI, 13 of which are public and 12 of which are private. The total student enrollment in the CNMI during the 1995-96 school year was 11,198 students. U.S. Department of the Interior, A Report on the State of the Islands, 41 (1996).
  - \* This number has risen by 2,000 since the 1990-91 school year, and is expected to continue to rise sharply as a result of the soaring birthrate. Id.
  - \* While many of the CNMI's schools have computers, Internet access is not available at most locations. Schools that wish to have Internet access must currently pay \$42.00 per month for each telephone line, \$29.00 per month for Internet access, and \$3.00 per hour of use. Such high costs are a barrier to widespread use of the Internet by students or administrators. Memorandum from Michael Condon to Dave Ecret, "The Joeten-Kiyu Public Library Information Technology Center: Internet Connection Overview," Sept. 6, 1996.
- Libraries--The Joeten-Kiyu Public Library Information Center, which opened in January of 1996, currently serves as an electronic telecommunications hub within the CNMI. The library offers 5 Internet access terminals, over which library patrons have conducted 4,940 Internet sessions (including e-mail access) over the last six months. The cost for

these on-line services alone was \$7,064. The Joeten-Kiyu library anticipates that demand for on-line services will continue to increase, but the combined cost of the additional computer equipment and monthly interconnection costs are a steep barrier to expansion. Id.

- Health Care Providers--The Department of Public Health is the sole provider of comprehensive health care in the CNMI, although there are several small, private medical and dental clinics on the island of Saipan. The Department of Public Health operates three facilities: the Commonwealth Health Center on Saipan, the Tinian Health Center and the Rota Health Center. U.S. Department of the Interior, A Report on the State of the Islands, at 42-43 (1996).

- \* The resources of the CNMI's health system have been severely strained by the recent influx of immigrants and non-resident workers. Id.
- \* The Department of Public Health reports that it has over 4,000 patients a month, which demonstrates the strain under which the CNMI's health care delivery system is operating. Id.
- \* While the CNMI receives a combination of grants and financial aid from sources in the U.S., its limited resources are pressed by increasing demands and costs. Id.

#### POSITION OF THE CNMI:

- The CNMI generally favors special support for schools, libraries, and health care facilities in the CNMI pursuant to Section 254(c)(3) and 254(h) of the 1996 Act.
  - \* Schools and libraries in the CNMI require access to advanced telecommunications/information services, something they currently lack. In some cases, access to current teaching information or library materials cannot be obtained in the CNMI, and, therefore, must be obtained off-island. Such access would be facilitated by affording access to information services such as the Internet as well as true toll-free access to 800 services.
  - \* Health care facilities similarly require access to advanced telecommunications/information services. CNMI residents are commonly forced to travel at great expense to more advanced health care facilities in Hawaii or the U.S. mainland for treatment. Affordable access to on-line telemedicine

information services as well as access to true toll-free 800 calling could help alleviate this widespread problem.

- \* Section 254(h)(1)(A) limits discounted services to health care facilities in "rural areas." The FCC should ensure that all of the CNMI is classified as a "rural area" for purposes of this provision.

## **BIOGRAPHY OF CARL DAVID (DAVE) ECRET**

Mr. Ecret is the Special Assistant to the Governor of the Commonwealth of the Northern Mariana Islands (CNMI) for Telecommunications and Utilities. He has served in this position since April of 1994. During this period, Mr. Ecret has been instrumental in Governor Froilan Tenorio's efforts to have the CNMI brought within the North American Numbering Plan as well as the Federal Communications Commission's domestic rate integration policy. Prior to his work for the Governor, Mr. Ecret served as the Public Affairs and Communications Manager for the Guam Telephone Authority. While in that position, Mr. Ecret served as coordinator for the Pacific Telecommunications Council's October 1993 meeting on Guam.

A thirty year resident of the Pacific, Mr. Ecret has served as the Press Secretary for the Governor Ricardo Bordallo of Guam (1976-1978), News Director and Engineer for K-57 Radio (KZGZ) Guam (November 1981-December 1991), Public Information Officer for the Guam Police Department, and News Director and engineer for KUAM-TV, AM and FM (1966-1976). Mr. Ecret has over thirty years of broadcast engineering experience and holds a first class FCC broadcast engineer license. Mr. Ecret is a retired Captain in the Guam Police Reserve.



## **A Demographic & Geographic Profile Of The Commonwealth Of The Northern Mariana Islands**

**By William H. Stewart, Economist  
Department of Commerce**

### **POPULATION:**

The Commonwealth's total population in 1995 was 58,846, (Saipan - 52,698; Tinian - 2,631; Rota - 3,509; Northern Islands - 8). The Commonwealth of the Northern Mariana Islands ranks fifty third (53 rd ) among the fifty four (54) states and territories (1) in its 1995 per capita income level of \$6,984. This is a decline from the \$7,199 per capita income recorded in the CNMI's 1990 census of population and lower than that of the Virgin Islands (\$11,052 - '94); Guam (\$7,116 - '94) and exceeds Puerto Rico's per capita income of \$6,360 ('94) by only \$624.

The United States poverty level in 1989 (2) for a family of 4 was \$14,763 at which time 13 percent of the U. S. population was below the official U. S. government determination of the poverty level. By contrast in the CNMI in 1990, 28.3 percent of the owner occupied housing units and 43.4 percent of renter occupied units were below the poverty level. Five thousand three hundred twelve, (5,312) families or 32.1 percent of all families were below the poverty level. In 1995 the unemployment rate was 7.1 percent.

In 1989, (the most recent data available resulting from the 1990 census) of the 6,873 households at that time, 2,550 or 37.1 percent had total incomes of \$14,999 or less. In terms of the 5,312 individual families, 1,869 or 35.2 percent had incomes of \$14,999 per year or less.(3)

While not all data collected in the 1995 census are available at this time, the census revealed 10,854 "family" and "non-family" households on Saipan, 522 on Tinian and 690 on Rota for a total of 12,066 of which only 7,442 or 61.2 percent had telephones.

**COST OF LIVING:** In terms of living costs the economy of the Commonwealth, particularly Saipan, has undergone marked change in recent years as prices have increased across the board and in many instances are a reflection more of those in Japan than the United States. The CNMI has become a very expensive place to live and it is expected to become increasingly more so in the decade of the 90's. Local people who already possess land and a home can escape the payment of high rents, but all are subject to high food and utility costs. New residents of the Commonwealth are sometimes surprised at the higher prices for some items, particularly food. The cost of living in the Commonwealth has been said to be from 25 to 30 percent higher than on the United States mainland and possibly higher. The higher prices observed by those moving from the United States mainland not only result from exorbitant shipping costs but also because distributors cannot take advantage of economies of scale with the result that the small CNMI market translates into smaller volumes in shipping, warehousing and distribution. There is little flexibility in the disposal of excess inventories which means that discount retailing, factory outlets, etc., are not usually found in the islands. Competition, which elsewhere might tend to drive prices close to production and distribution costs, is limited in the Commonwealth.

Other reasons for such high prices are related to greater costs for doing business which can be considerably higher than on the mainland. Commercial building costs, whether leased or constructed, are higher and most require air conditioning with the result that there are expensive electricity charges associated with businesses. Premiums for typhoon insurance are expensive and in the case of perishable items such as certain foods, higher rates of spoilage can be expected all of which add to the cost of doing business which are ultimately passed on to the consumer in the form of higher prices.

The Japanese have also influenced prices in the Commonwealth as the Japanese traveler has become increasingly affluent. High prices for quality goods and services are expected by the Japanese visitor with the result that local businesses accommodate this expectation to the fullest extent. Obviously this is to the detriment of local residents as it results in higher prices for the non tourist as well.

**NATURAL DISASTERS:** Tropical storms, fires, floods, droughts, earthquakes, volcanic eruption and tsunami can happen at any time within a particular season of the year. Except for earthquakes, tsunami and volcanism - which have not recently affected Saipan, Tinian and Rota - by far the most frequent threat is from typhoons. All agencies of the CNMI government have contingency plans to implement during a disaster and are particularly adept at mitigating loss of life during these storms.

**LOCATION:** The Mariana Islands and the Philippines are the only western oriented societies situated in the eastern hemisphere. The islands are about as far west of the United States as Tokyo or Melbourne and about the same distance north of the equator as Mexico City or Manila. The Marianas archipelago is closer to Moscow than Washington, D. C. At 7,000 miles, the area is the most distant member of the American political family and the United States Capitol.

The Mariana Islands are 9 time zones west of Washington D.C.; 6 zones west of San Francisco and 4 zones west of Honolulu. At no time do normal working hours on the United States east coast coincide with those of the Northern Marianas, indeed, because of geography and the International Date Line communication with the United States can only occur during four business days of the week. Saipan is located at 15 degrees 15 minutes North Latitude, 145 degrees - 45 minutes East Longitude, 120 miles north of Guam. To provide some appreciation of the size of the Pacific the flying time between Guam or Saipan and Honolulu is about seven hours. This portion of the Pacific alone is about equal in distance to the Atlantic Ocean between the United States east coast and Europe.

(1) Source: 1994 data for the fifty states from the 1996 edition of: "World Almanac."  
CNMI per capita income from the 1995 Census of Population.

(2) Ibidem: "World Almanac" 1989 data was collected in the 1990 census.

(3) In the census a distinction is made between "households" and "families." A family consists of all related members while a household contains one or more unrelated persons. A census is usually conducted at midyear, thus the income question is posed to cover a full year, namely, the year prior to the year in which the census is conducted.

Subj: PSS Internet Info  
Date: 96-09-06 00:00:53 EDT  
From: spn0124@saipan.com (Michael Murphy)  
To: tkcrowe@aol.com

9/6/96

To: Dave Ecret  
Special Assistant to the Governor

From: Michael B. Murphy  
Computer Programs Coordinator  
Public School System

Subject: Computers in the Classrooms

The Public School System has 10 elementary schools and 1 high school on each of 3 islands, Saipan, Tinian, and Rota. Saipan also has a junior high school. Current computer systems are as follows (in geographical order from North to South):

Gregorio T. Camacho Elementary School, 3 IBM PS 2 model 25's in each classroom for a total of 31 computers on token ring to 1 IBM PS 2 model 80 file server. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. 1 classroom has 5 Apple Macintosh LC 580 computers Internet ready. Telephone lines and internet connection yet to be procured.

Tanapag Elementary School, 25 IBM PS 2 model 25 computers on token ring to 1 IBM PS 2 model 80 file server in a lab. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. 1 classroom has 3 Apple Macintosh LC 575 and LC 630 computers Internet ready. Currently procuring telephone lines and internet connection.

Garapan Elementary School, 25 IBM PS 2 model 25 computers on token ring to 1 IBM PS 2 model 80 file server in a lab. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. Plans to hook up lab net to Internet. Com Server, software, telephone line, and service provider yet to be procured.

San Vicente Elementary School, 25 IBM PS 2 model 25 computers on token ring to 1 IBM PS 2 model 80 file server in a lab. Software utilized is DOS

3.1, Novel Netware 2.1, IBM education software. One classroom currently has Internet on 3 Apple Macintosh LC 575 computers. 3 other classrooms have 3 to 5 Apple Macintosh LC 575 and LC 630 and 680 computers.

Oleai Elementary School, 3 IBM PS 2 model 25's in each classroom for a total of 25 computers on token ring to 1 IBM PS 2 model 80 file server. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. One classroom has 5 IBM clones with plans to hook up to Internet. Telephone lines and service provider yet to be procured.

Marianas High School, 30 Apple Macintosh LC 575 computers in a lab, 20 Apple Macintosh LC 680 computers in a Lab. 30 IBM clones in a lab. 3 science classrooms have Apple Macintosh computers. 1 Language Arts classroom has 1 Apple Macintosh LC 630 with Internet connection. 21 Apple II e computers in a lab.

William S. Reyes Elementary School, 25 IBM PS 2 model 25 computers on token ring to 1 IBM PS 2 model 80 file server in a lab. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. One IBM clone computer currently has Internet. 1 other classroom have 3 Apple Macintosh computers.

Hopwood Junior High School, 30 Apple Macintosh LC 680 computers in a lab. Plans are to put entire lab on Internet. Telephone lines and Internet provider yet to be procured. Currently cost prohibitive. 15 Apple II GS computers in a lab.

San Antonio Elementary School, 25 IBM PS 2 model 25 computers on token ring to 1 IBM PS 2 model 80 file server in a lab. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. One classroom currently has Internet on 3 Apple Macintosh LC 575 computers.

Koblerville Elementary School, 25 IBM PS 2 model 25 computers on token ring to 1 IBM PS 2 model 80 file server in a lab. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. Each classroom currently has 1 Apple Macintosh LC 680 computer. Plans are to provide Internet to each Macintosh. Telephone lines and Internet provider yet to be procured.

Tinian Elementary School, 25 IBM PS 2 model 25 computers on token ring to 1 IBM PS 2 model 80 file server in a lab. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. Plans are to provide Internet to Lab. Technical difficulties and high cost prohibitive.

Tinian High School, 20 Apple Macintosh LC III computers in a lab. Plans are to put entire lab on Internet. Plans are to provide Internet to Lab. Technical difficulties and high cost prohibitive. Currently procuring 30 Apple Macintosh Power PC computers for new lab. Lab will be on Internet.

Rota Elementary School, 30 IBM PS 2 model 25 computers on token ring to 1 IBM PS 2 model 80 file server in a lab. Software utilized is DOS 3.1, Novel Netware 2.1, IBM education software. 3 classrooms have Apple Macintosh LC 575 and LC 630 computers. Plans are to provide Internet. Platform undecided, technical difficulties, and high cost prohibitive.

Rota High School, 1 classroom has 5 Apple Macintosh LC 580 computers. Plans are to provide Internet. Technical difficulties, and high cost prohibitive.

Administration, All school offices have 2 to 5 Apple Macintosh computers. The Central Administrative Office operates 46 Apple Macintosh computers, 6 PC's, and a WANG VS 5000 financial system with 8 dumb terminals. All school offices have at least 1 Macintosh computer connected by modem to a server in the Central Administration Office via the com and fileserver software called "First Class".

The schools need stream lined access to Internet. The schools who have or wish to have Internet must pay \$42.00 per month for each telephone line, \$29.00 per month for Internet access, and \$3.00 per hour use. Federal grants inability to pay reoccurring monthly charges also creates problems.

Short range planning allows schools to connect to Internet by means of teacher federal and local grant proposals. Long range plans will monitor costs and will go to a central Internet server to which schools will connect in an effort to contain costs.

This information is general information and will not be accurate in the near future as the Public School System is in the process of procuring new computers every week. Since current Internet connections are the result of teacher grants, new connections will be made and current connections face termination due to exhausted funds.

The Public School System believes in and is striving for an Internet connection in every classroom. We are open to new and creative ideas to make it happen.